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BEFORE THE ARIZONA CORPORATION COMM

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COMMISSIONERS

GARY PIERCE, Chairman

2011 MAR -4 A 10: 32

BOB STUMP

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SANDRA D. KENNEDY

BRENDA BURNS

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
CITIZENS COMMUNICATIONS COMPANY,
AGUA FRIA DIVISION, FOR (1) AN
EXTENSION OF THE AREA COVERED BY ITS
EXISTING CERTIFICATE OF CONVENIENCE
AND NECESSITY, (2) APPROVAL OF THE
CATERPILLAR PROPERTY
WATER/WASTEWATER AGREEMENT, (3)
APPROVAL OF THE TARIFF FOR THE WATER
FACILITIES HOOK-UP FEE, (4) APPROVAL OF
THE TARIFF FOR GENERAL NON-POTABLE
WATER SERVICE, AND (5) APPROVAL OF
RULE NO. 12 APPLICABLE TO NON-POTABLE
WATER SERVICE.

DOCKET NO. W-01032B-00-1043

Arizona Corporation Commission

DOCKETED

MAR 4 2011

DOCKETED BY

[Signature]

IN THE MATTER OF THE APPLICATION OF
CITIZENS WATER SERVICES COMPANY OF
ARIZONA FOR (1) AN EXTENSION OF THE
AREA COVERED BY ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR WASTEWATER SERVICE, (2)
APPROVAL OF THE CATERPILLAR
PROPERTY WATER/WASTEWATER
AGREEMENT, (3) APPROVAL OF THE TARIFF
FOR THE WASTEWATER FACILITIES HOOK-
UP FEE.

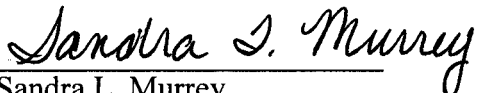
DOCKET NO. WS-03454A-00-1043

DECISION NO. 64307

NOTICE OF COMPLIANCE FILING

1 In compliance with Decision Nos. 64307, 64746 and 66512, Arizona American Water
2 Company hereby files the attached 2010 Aqua Fria Hook-up Fee Report.
3

4 RESPECTFULLY SUBMITTED on March 3, 2011.
5
6
7

8 
9 Sandra L. Murrey
10 Rates Analyst
11 Arizona-American Water
12 2355 W. Pinnacle Peak Rd., Suite 300
13 Phoenix, AZ 85027
14 Sandra.Murrey@amwater.com
15 623-445-2490
16
17
18
19
20
21
22
23

24 Original and 13 copies **filed**
25 on March 3, 2011, with:
26

27 Docket Control
28 Arizona Corporation Commission
29 1200 West Washington
30 Phoenix, Arizona 85007
31

32 Copies of the foregoing **emailed**
33 on March 3, 2011 to:
34

35 Brian K. Bozzo
36 Compliance and Enforcement Manager
37 Utilities Division
38 1200 West Washington Street
39 Phoenix, AZ 85007

Agua Fria Hook-Up Fee
2010 Report

District	Description	Receipts	Expenses	Balance
Combined	Adjusted Beginning Balance			(\$70,877,021)
AF Water	White Tanks Regional Treatment Plant		(\$257,961)	(\$71,134,982)
AF Water	Route 303 Waterline Realignment		(\$82,369)	(\$71,217,351)
AF Water	Courtland Homes Inc	\$4,600		(\$71,212,751)
AF Water	Arizona West Contracting Corp	\$33,015		(\$71,179,736)
AF Water	K Hovnanian Great Western Homes, LLC	\$15,975		(\$71,163,761)
AF Water	K Hovnanian Great Western Homes, LLC	\$9,585		(\$71,154,176)
AF Water	Quicktrip Corp	\$22,365		(\$71,131,811)
AF Water	Ashton Woods Homes	\$106,500		(\$71,025,311)
AF Water	K Hovnanian Great Western Homes, LLC	\$15,975		(\$71,009,336)
AF Water	K Hovnanian Great Western Homes, LLC	\$3,195		(\$71,006,141)
AF Water	K Hovnanian Great Western Homes, LLC	\$15,975		(\$70,990,166)
AF Water	Richmond American	\$137,385		(\$70,852,781)
AF Water	Ashton Woods Arizona, LLC	\$6,390		(\$70,846,391)
AF Water	Sante Partners, LLC	\$37,275		(\$70,809,116)
AF Water	Prasada Sands Kia	\$22,365		(\$70,786,751)
AF Water	K Hovnanian Great Western Homes, LLC	\$13,845		(\$70,772,906)
AF Water	T3 Homes, LLC	\$2,300		(\$70,770,606)
AF Water	Surprise Care Group, LLC	\$22,365		(\$70,748,241)
AF Water	Courtland Homes Inc	\$2,300		(\$70,745,941)
AF Water	Arizona West Contracting Corp	\$17,825		(\$70,728,116)
AF Water	K Hovnanian Great Western Homes, LLC	\$8,625		(\$70,719,491)
AF Water	K Hovnanian Great Western Homes, LLC	\$5,175		(\$70,714,316)
AF Water	Quicktrip Corp	\$12,075		(\$70,702,241)
AF Water	Ashton Woods Homes	\$57,500		(\$70,644,741)
AF Water	K Hovnanian Great Western Homes, LLC	\$8,625		(\$70,636,116)
AF Water	K Hovnanian Great Western Homes, LLC	\$1,725		(\$70,634,391)
AF Water	K Hovnanian Great Western Homes, LLC	\$8,625		(\$70,625,766)
AF Water	Roskamp/Sunhealth Colonnade	\$1,100		(\$70,624,666)
AF Water	Richmond American	\$86,000		(\$70,538,666)
AF Water	Ashton Woods Arizona, LLC	\$4,000		(\$70,534,666)
AF Water	Sante Partners, LLC	\$20,125		(\$70,514,541)
AF Water	Prasada Sands Kia	\$12,075		(\$70,502,466)
AF Water	K Hovnanian Great Western Homes, LLC	\$7,475		(\$70,494,991)
AF Water	Surprise Care Group, LLC	\$12,075		(\$70,482,916)
Combined	Total for the Year	\$734,435	(\$340,330)	\$394,105
Combined	Interest Earned			\$0
Combined	Adjusted Beginning Balance			(\$70,877,021)
Combined	Ending Balance			<u>(\$70,482,916)</u>

With a negative balance throughout 2009, no interest was earned during the year.

1 Company. Agua Fria Division, and Citizens Water Services Company of Arizona, as amended,
2 including the hook-up fees for water and wastewater facilities, as well as the tariffs for potable and
3 non-potable water service, are approved.

4 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,
5 and Citizens Water Services Company of Arizona shall comply with Staff's recommendation to
6 maintain all water and wastewater hook-up fees related to this project in a separate interest bearing
7 account, and to file annual reports in accordance with Staff's recommendation.

8 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,
9 and Citizens Water Services Company of Arizona treat all water and wastewater hook-up fees related
10 to this project as non-refundable contributions.

11 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,
12 and Citizens Water Services Company of Arizona charge their existing rates and charges for
13 customers in the Whitestone development, with the exception of hook-up fees and non-potable water
14 charges, which shall be assessed in accordance with the tariffs contained in the Application and
15 Hearing Exhibit A-2, and as amended by the Staff Report.

16 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,
17 and Citizens Water Services Company of Arizona shall file water and wastewater tariffs in
18 compliance with this Decision within 30 days.

19 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,
20 and Citizens Water Services Company of Arizona shall file copies of all required permits and
21 approvals to the Utilities Division Director within 18 months of the date of this Decision.

22 IT IS FURTHER ORDERED that Citizens Communications Company, Agua Fria Division,
23 and Citizens Water Services Company of Arizona shall file a copy of all related municipal franchise
24 agreements within 365 days of the effective date of this Decision.

25 IT IS FURTHER ORDERED that, in the event Citizens Communications Company, Agua
26 Fria Division, and Citizens Water Services Company of Arizona fail to meet the above conditions
27 within the time specified, the extension of the Companies Certificates of Convenience and Necessity
28 shall be deemed to be denied, without further Order of the Arizona Corporation Commission.

1 Phase I of the wastewater facilities necessary to serve Phase I of the planned development, which
2 consists of 148 residential homes. The Phase I wastewater facilities include collection mains and a
3 60,000 gallon-per-day ("gpd") package plant located on 3.1 acres. Under the Agreement, Russell
4 Ranch will advance the Phase I facilities to Applicant, and Applicant will refund the advance by
5 means of a one-time refund of \$375 per lot in the Phase I Development area as each Phase I lot
6 initiates wastewater service.

7 9. Applicant is investigating the possibility, long-term, of constructing a regional
8 wastewater treatment facility in the general vicinity of the proposed extension area. In the event that
9 Applicant builds the planned regional facility, Applicant will serve the remaining 344 homes, and
10 possibly the first 148 homes, of the proposed development from that regional facility.

11 10. If Applicant does not build the planned regional facility, Applicant will construct
12 Phase II of the wastewater facilities as described in the Agreement. Phase II of the wastewater
13 facilities plan includes expansion of the Phase I plant by an additional 130,000 gpd capacity to serve
14 the remaining 344 residences. Applicant plans to fund part of the costs of Phase II construction from
15 hook-up fees collected under the wastewater hook-up fee tariff for which it is requesting approval in
16 this application.

17 11. At build-out, the Russell Ranch development is expected to serve a total of 492
18 residential households, and no commercial customers.

19 12. In the Staff Report and at the hearing, Staff recommended that the Commission
20 approve the application and further recommended the following:

- 21
- 22 a. that the Commission approve Applicant's wastewater facilities line extension
23 Agreement with Russell Ranch;
 - 24 b. that the Commission require Applicant to charge its current-tariffed rates in the
25 extension area; and
 - 26 c. that the Commission require Applicant to file all related municipal agreements
27 within 365 days of this Decision.

28 13. In the Staff Report and at the hearing, Staff also recommended that the Commission
approve Applicant's proposed wastewater facilities hook-up fee tariff, subject to the following

1 conditions:

- 2 a. that all hook-up fees collected under the tariff be placed in a separate interest
3 bearing account and be used only for the installation of backbone off-site
4 facilities;
- 5 b. that the hook-up fees be considered non-refundable contributions; and
- 6 c. that the Commission require Applicant to file annual reports on the hook-up
7 fee accounts, due by February 28 of each year, beginning with Calendar Year
8 2002, that disclose: the name of each entity paying a hook-up fee; the amount
9 of the hook-up fee paid by each entity; a description of the utility plant
10 constructed with hook-up fee funds; the balance of the hook-up fee account;
11 interest earned on the hook-up fee account; and any other information required
12 by Staff.

13 14. Applicant did not file any objections to the Staff Report by the procedural deadline
14 established in the October 24, 2001 Procedural Order.

15 15. At the hearing, Applicant and Staff stipulated to incorporation in this docket of the
16 testimony of Staff witness Jim Fisher and Applicant witness Ray Jones regarding Staff's
17 recommendation in Docket Nos. W-01032B-00-1043 and SW-03454A-00-1043 that all hook-up fees
18 collected under the proposed tariffs be placed in a separate interest bearing account and that
19 Applicant file an annual report regarding the hook-up fee account. The Commission adopted Staff's
20 recommendation on those issues in Decision No. 64307 (December 28, 2001).

21 16. At the hearing, Applicant agreed to comply with and abide by all of the
22 recommendations contained in the Staff Report, including Staff's recommendation that Applicant
23 maintain a separate hook-up fee account and file annual reports on that account. Accordingly, the
24 proposed tariffs should be approved.

25 17. Applicant is in the process of obtaining a franchise agreement with Maricopa County
26 for the proposed extension area.

27 18. Applicant is in total compliance with Arizona Department of Environmental Quality
28 and Arizona Department of Water Resources rules and regulations.

19. Applicant is in compliance with Commission filing requirements.

CONCLUSIONS OF LAW

1. Arizona American Water Company, formerly known as Citizens Water Services

1 Company of Arizona, is a public service corporation within the meaning of Article XV of the Arizona
2 Constitution and A.R.S. §§ 40-281 and 40-282.

3 2. The Commission has jurisdiction over Applicant and the subject matter of the
4 application.

5 3. Notice of the application was provided in accordance with law.

6 4. There is a public need and necessity for wastewater utility services in the proposed
7 extension area.

8 5. Applicant is a fit and property entity to be granted an extension of the area under its
9 wastewater Certificate that, as proposed, would encompass an area in west central Maricopa County,
10 as more fully described in Exhibit A attached hereto.

11 6. Staff's recommendations as set forth in Findings of Fact Nos. 12 and 13 above are
12 reasonable and should be adopted.

13 **ORDER**

14 IT IS THEREFORE ORDERED that the application of Arizona-American Water Company,
15 formerly known as Citizens Water Services Company of Arizona, for an extension of its wastewater
16 Certificate of Convenience and Necessity to include the area set forth in Exhibit A hereto, is hereby
17 granted.

18 IT IS FURTHER ORDERED that the Wastewater Facilities Line Extension Agreement
19 between Arizona-American Water Company, formerly known as Citizens Water Services Company
20 of Arizona, and Russell Ranch, LLC, is hereby approved.

21 IT IS FURTHER ORDERED that the tariff proposed in the application, including the hook-up
22 fees for wastewater facilities, is approved, conditioned as follows: Arizona-American Water
23 Company, formerly known as Citizens Water Services Company of Arizona shall: 1) treat all water
24 and wastewater hook-up fees related to this project as non-refundable contributions; 2) maintain all
25 wastewater hook-up fees related to this project in a separate interest bearing account; and 3) file
26 annual reports in accordance with Staff's recommendation in Findings of Fact No. 13 above.

27 IT IS FURTHER ORDERED that Arizona-American Water Company, formerly known as
28 Citizens Water Services Company of Arizona, shall charge its existing tariffed rates and charges in

1 construction.

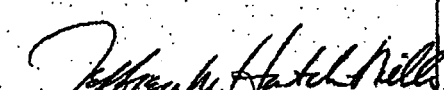
2 IT IS FURTHER ORDERED that, consistent with Decision No. 64307, Arizona-American
3 Water Company, Agua Fria Division, shall comply with Staff's recommendation to maintain all
4 water and wastewater hook-up fees in a separate interest bearing account, and to file annual reports in
5 accordance with Staff's recommendation.

6 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

7 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

8
9 
10 CHAIRMAN

11 
12 COMMISSIONER

13 
14 COMMISSIONER

15 
16 COMMISSIONER

17 
18 COMMISSIONER

19 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
20 Secretary of the Arizona Corporation Commission, have
21 hereunto set my hand and caused the official seal of the
22 Commission to be affixed at the Capitol, in the City of Phoenix,
23 this 10th day of November, 2003.

24 
25 BRIAN C. McNEIL
26 EXECUTIVE SECRETARY

27 DISSENT _____

28 DISSENT _____

DDN:mlj